



LONGWOOD UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS

FOR THE YEAR ENDED

JUNE 30, 2021

Auditor of Public Accounts
Staci A. Henshaw, CPA

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Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
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January 15, 2022

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

W. Taylor Reveley, IV
President, Longwood University

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on **Longwood University's** Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2021. University management is responsible for the Schedule and its compliance with National Collegiate Athletic Association (NCAA) requirements.

University management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether the Schedule is in compliance with NCAA Constitution 3.2.4.17.1, for the year ended June 30, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Agreed-Upon Procedures Related to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

Procedures described below were limited to material items. For the purpose of this report, and as defined in the agreed-upon procedures, items are considered material if they exceed four percent of total revenues or total expenses, as applicable. The procedures and associated findings are as follows:

Internal Controls

1. We reviewed the relationship of internal control over Intercollegiate Athletics programs to internal control reviewed in connection with our audit of the university's financial statements. In addition, we identified and reviewed those controls unique to the

Intercollegiate Athletics Department, which were not reviewed in connection with our audit of the university's financial statements.

2. Intercollegiate Athletics Department management provided a current organizational chart. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, protection of records and equipment, and controls regarding information systems with the Information Technology Department.
3. Intercollegiate Athletics Department management provided us with their process for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the university's intercollegiate athletics programs. We tested these procedures as noted below.

Affiliated and Outside Organizations

4. Intercollegiate Athletics Department management identified all related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.
5. Intercollegiate Athletics Department management prepared and provided to us a summary of revenues and expenses for or on behalf of the university's intercollegiate athletics programs by affiliated and outside organizations included in the Schedule.
6. Intercollegiate Athletics Department management provided to us any additional reports regarding internal control matters identified during the audits of affiliated and outside organizations performed by independent public accountants. We were not made aware of any internal control findings.

Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

7. Intercollegiate Athletics Department management provided to us the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs for the year ended June 30, 2021, as prepared by the university, and shown in this report. We recalculated the addition of the amounts in the Schedule, traced the amounts on the Schedule to management's trial balance worksheets, and agreed the amounts in management's trial balance worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. Certain adjustments to the Schedule were necessary to conform to NCAA reporting guidance. We discussed the nature of adjusting journal entries with management and are satisfied that the adjustments are appropriate.
8. We compared each major revenue and expense account over ten percent of total revenues or total expenses, respectively, to prior period amounts and budget estimates.

Variances exceeding ten percent of prior period amounts or budget estimates are explained below:

<u>Line Item</u>	<u>Explanation</u>
Athletic student aid	Athletic student aid decreased \$395,860 or ten percent from the previous year due to the impact of COVID-19 which caused a drop in overall enrollment as many students took a semester off, decreased their class load or did not return.
Coaching salaries, benefits, and bonuses paid by the University and related entities	<p>Coaching salaries, benefits and bonuses paid by the University and related entities decreased by \$410,864 or 17 percent from the previous year due to temporary pay reductions in coaching salaries during the COVID-19 pandemic.</p> <p>Due to the COVID-19 pandemic, the University experienced an overall decline in enrollment numbers as students left for a semester, returned only for online courses, or left the University entirely.</p>

Revenues

9. We obtained documentation of the university's methodology for allocating student fees to intercollegiate athletics programs. We compared student fees reported in the Schedule to amounts reported in the accounting records and an expected amount based on fee rates and enrollment. We found the accounting records agree with the Schedule, and amounts transferred to the Intercollegiate Athletics Department and reported in the Schedule do not exceed expected amounts based on enrollment.
10. We compared amounts reported in the Schedule for direct institutional support to corroborative supporting documentation and noted them to be in agreement.
11. We compared amounts reported in the Schedule for indirect institutional support to expense payments, cost allocation detail and other corroborative supporting documentation and noted them to be in agreement.
12. We obtained the amount of game guarantee revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
13. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by the intercollegiate athletics programs from any affiliated or outside organization, agency or group of

individuals that constitutes ten percent or more of all contributions received during the reporting period. Except for contributions received from the Longwood University Foundation and Longwood University Trust, affiliated organizations, we noted no individual contribution which constituted more than ten percent of total contributions received for Intercollegiate Athletics Programs. We reviewed contributions from the Longwood University Foundation and Longwood University Trust, which exceeded ten percent of all contributions and agreed them to supporting documentation.

14. We obtained the amount of NCAA distribution revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
15. We obtained the amount of royalties, licensing, advertisement, and sponsorship revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
16. We obtained the amount of sports camp revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
17. We obtained the amount of other operating revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

Expenses

18. Intercollegiate Athletics Department management provided us a listing of student aid recipients during the reporting period. Since the university used the NCAA Compliance Assistant software to prepare athletic aid detail, we selected 10 percent of individual student-athletes across all sports and obtained the students' account detail from the university's student information system. We agreed each student's information to the information reported in the NCAA Membership Financial Reporting System by comparing the reported amounts to amounts in the finance and student information systems. We also ensured that the total aid amount for each sport agreed to amounts reported as financial aid in the student accounting system. We performed a check of selected students' information as reported in the NCAA Membership Financial Reporting System to ensure proper calculation of revenue distribution equivalencies.
19. We obtained the amount of game guarantee expense from the Schedule. The amount was deemed to be immaterial for detailed testing.
20. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the University during the reporting period. We selected and tested individuals, including men's and women's basketball coaches, and compared amounts paid during the fiscal year from the payroll accounting system to their contract or other employment agreement document. We found that recorded expenses equaled amounts paid as salary and bonuses and agreed with approved contracts or other documentation.

21. We obtained the Intercollegiate Athletic Department's written recruiting and team travel policies from Intercollegiate Athletics Department management and documented an understanding of those policies. We compared these policies to existing University and NCAA policies and noted substantial agreement of those policies.
22. We selected a sample of disbursements for team travel and sports equipment, uniforms, and supplies. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, reasonable to intercollegiate athletics, and properly recorded in the accounting records.
23. We obtained a listing of debt service payments for athletics facilities for the reporting year. We reviewed all debt service payments and agreed them to supporting documentation.
24. We obtained an understanding of the University's methodology for charging indirect cost to the athletic department. We evaluated indirect cost charges for reasonableness and noted proper reporting of these charges in the Schedule.

Other Reporting Items

25. We obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. We recalculated annual maturities reported in the notes to the Schedule and agreed total annual maturities and total outstanding athletic-related debt to supporting documentation.
26. We agreed total outstanding institutional debt to supporting debt schedules and the University's unaudited financial statements and general ledger, as the audited financial statements were not yet available.
27. We agreed the fair value of athletics-dedicated endowments to supporting documentation provided by the Longwood University Foundation.
28. We agreed the fair value of institutional endowments to supporting documentation provided by the Longwood University Foundation.

Additional Procedures

29. We compared the sports sponsored, as reported in the NCAA Membership Financial Reporting System, to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from the NCAA's Compliance Assistant software for the institution. We noted agreement of the sports reported.
30. We compared total current year grants-in-aid revenue distribution equivalencies to total prior year reported equivalencies per the NCAA Membership Financial Report submission

and noted variations exceeding four percent when compared to prior year. The variation is primarily attributable to the methodology for including athletic waivers and a decrease in out-of-state tuition, impacted by the COVID-19 pandemic.

31. We obtained the institution's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports identified by the institution met the minimum requirements for number of contests and minimum number of participants as defined in NCAA Bylaw 20.9.6.3 or qualified for the extraordinary blanket waiver per NCAA guidance due to the COVID-19 pandemic. We ensured that countable sports have been properly identified in the NCAA Membership Financial Reporting System for the purpose of revenue distribution calculations.
32. We compared the current number of sports sponsored to the prior year total reported in the university's NCAA Membership Financial Report submission and noted no variations when compared to prior year.
33. We obtained a listing of student athletes receiving Pell grant awards from the university's student information system and agreed the total value of these Pell grants to the amount reported in the NCAA Membership Financial Reporting System. We noted agreement of the amounts reported.
34. We compared the total number of Pell grant awards in the current year to the number reported in the prior year NCAA Membership Financial Report submission. We noted no variations greater than 20 grants when compared with the prior year.

We were engaged by university management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit, examination, or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs or any of the accounts or items referred to above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the university and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Longwood University and its President and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

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LONGWOOD UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2021

	Football	Men's Basketball	Women's Basketball	Men's Soccer	Women's Soccer	Men's Track	Women's Track	Other Sports	Non-Program Specific	Total
Operating revenues:										
Student fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,370,175	\$ 8,370,175
Direct institutional support	-	46,790	44,492	28,500	93,336	13,000	8,000	350,293	209,869	794,280
Indirect institutional support	-	154,447	94,368	22,397	35,916	5,913	6,497	258,310	345,900	923,748
Guarantees	-	90,000	30,000	-	-	-	-	5,000	-	125,000
Contributions	-	104,310	27,838	8,115	19,947	3,585	4,790	285,030	114,232	567,847
NCAA distributions	-	-	-	-	-	-	-	-	214,501	214,501
Royalties, licensing, advertisement and sponsorships	-	21,140	12,453	10,975	9,997	2,000	2,000	79,554	124,924	263,043
Sports camp revenues	-	713	2,300	630	3,869	50	50	3,071	60	10,743
Other operating revenue	-	-	-	760	-	-	-	1,261	12,171	14,192
Total operating revenues	-	417,400	211,451	71,377	163,065	24,548	21,337	982,519	9,391,832	11,283,529
Operating expenses:										
Athletic student aid	-	635,505	532,163	183,000	340,520	22,500	20,500	1,756,326	-	3,490,514
Guarantees	-	4,000	-	-	-	-	-	3,016	-	7,016
Coaching salaries, benefits, and bonuses paid by the University and related entities	-	473,761	339,608	78,975	144,427	26,632	29,962	858,915	-	1,952,280
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	-	44,405	15,901	-	-	-	-	104,223	1,656,288	1,820,817
Recruiting	-	7,594	3,510	-	1,090	-	-	-	-	12,194
Team travel	-	169,378	58,871	21,677	24,714	3,148	2,723	240,249	63	520,823
Sports equipment, uniforms, and supplies	-	77,393	46,155	30,657	32,274	4,142	4,071	215,431	22,074	432,197
Game expenses	-	60,630	35,371	2,850	3,800	-	-	61,818	3,633	168,102
Fundraising, marketing and promotion	-	-	-	-	-	-	-	-	5,255	5,255
Sports camp expenses	-	-	-	-	-	-	-	786	42,084	42,870
Spirit groups	-	-	-	-	-	-	-	5,077	-	5,077
Athletic facility leases and rental fees	-	-	-	-	-	-	-	10,000	6,550	16,550
Athletic facility debt service	-	-	-	-	-	-	-	-	723,762	723,762
Direct overhead and administrative expenses	-	16,909	6,087	786	902	225	225	18,511	248,070	291,715
Indirect institutional support	-	154,447	94,368	22,397	35,916	5,913	6,497	258,310	345,900	923,748
Medical expenses and insurance	-	-	118	-	-	20	20	31	151,247	151,436
Memberships and dues	-	12,820	2,813	600	900	545	545	20,511	48,536	87,270
Student-Athlete Meals (non-travel)	-	20,153	6,939	-	100	95	95	3,066	337	30,785
Other operating expenses	-	12,769	37,107	290	1,035	330	490	22,079	113,119	187,219
Total operating expenses	-	1,689,764	1,179,011	341,232	585,678	63,550	65,128	3,578,349	3,366,918	10,869,630
Excess (deficiency) of revenues over (under) expenses	\$ -	\$ (1,272,364)	\$ (967,560)	\$ (269,855)	\$ (422,613)	\$ (39,002)	\$ (43,791)	\$ (2,595,830)	\$ 6,024,914	\$ 413,899
Other Reporting Items:										
Total athletics-related debt										\$ 3,545,000
Total institutional debt										\$ 48,766,507
Value of athletics-dedicated endowments										\$ 3,252,364
Value of institutional endowments										\$ 101,002,347

The accompanying Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs are an integral part of this Schedule.

LONGWOOD UNIVERSITY
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis Of Presentation

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenses of the intercollegiate athletics programs of the university for the year ended June 30, 2021, and includes both those intercollegiate athletics revenues and expenses under the direct accounting control of the university and those on behalf of the university's intercollegiate athletics programs by outside organizations not under the university's control. Because the Schedule presents only a selected portion of the university's activities, it is not intended to, and does not present the financial position, changes in financial position, or cash flows for the year ended June 30, 2021. Revenues and expenses directly identifiable with each category of sport presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

B. Capital Assets

Capital assets consisting of land, buildings, equipment, infrastructure, and intangible assets are stated at cost or fair market value at date of donation. Construction in progress, equipment and intangibles in process are capitalized at actual cost as expenses are incurred. Equipment costing \$5,000 or more with a useful life greater than one year is capitalized. Software-related intangibles costing \$25,000 or more and other intangibles costing \$100,000 or more are capitalized. Renovation costs are capitalized when expenses total greater than \$100,000. Normal repairs and maintenance are expensed in the year in which the expense was incurred.

Depreciation and amortization are computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. The general range of estimated useful lives is five to 50 years for buildings and fixtures and three to 20 years for equipment. The general range of estimated useful lives for infrastructure is five to 30 years. The estimated useful life of software is five years; all other intangibles vary based on type and expected useful life. The Athletic Department assets are acquired, approved, and disposed of in accordance with standard university policies.

The net book values for fixed assets in the Athletic Department at June 30, 2021 are as follows:

Buildings	\$2,449,504
Equipment	241,061
Infrastructure	4,194,039
Land	<u>1,042,794</u>
Total	<u>\$7,927,399</u>

2. AFFILIATED ORGANIZATION

The university received \$358,870 from the Longwood University Foundation, Inc. with \$286,692 for athletic scholarships, \$67,178 for athletic operations, and a transfer from a non-athletic account to athletic operations for \$5,000. The university received \$208,978 from the Longwood University Trust to be used for athletic operations. These contributions are included in the accompanying Schedule.

3. LONG-TERM INDEBTEDNESS

The Intercollegiate Athletics Department transferred funds to the general university accounts to pay principal and interest payments on the long-term debt for the year ended June 30, 2021, as follows:

Lacrosse/Field Hockey Complex	\$309,634
Soccer Fields	122,269
Baseball/Softball Field	175,990
Willet Hall Renovation	<u>115,869</u>
Total	<u>\$723,762</u>

4. LONG-TERM DEBT

Long-term debt relating to intercollegiate athletics is shown below.

<u>Issuance</u>	<u>Interest Rate</u> <u>at Issuance</u>	<u>Fiscal Year</u> <u>Maturity</u>	<u>Amount</u>
VCBA 2012A LU 04A LAC Fld Hockey	3.00 - 5.00%	2025	\$ 405,000
VCBA 2012A LU 05A Soccer Flds	3.00 - 5.00%	2025	210,000
VCBA 2012A LU 05A Lancer & Willett	3.00 - 5.00%	2025	195,000
VCBA 2014B LU 05A Soccer Fields	4.00 - 5.00%	2026	120,000
VCBA 2014B LU 05A Lancer Gym & Willett	4.00 - 5.00%	2026	115,000
VCBA 2014B LU 06A Baseball/Softball	4.00 - 5.00%	2026	210,000
VCBA 2014B LU 07A Lacrosse/Field Hockey	4.00 - 5.00%	2026	360,000
VCBA 2014B LU 07A Baseball/Softball	4.00 - 5.00%	2026	370,000
VCBA 2016A LU 06A Baseball/Softball Fields	3.00 - 5.00%	2028	245,000
VCBA 2016A LU 07A Baseball/Softball Fields	3.00 - 5.00%	2028	180,000
VCBA 2016A LU 07A Lacrosse/Field Hockey	3.00 - 5.00%	2028	180,000
VCBA 2021B LU 2012A LU 04A LAC Fld Hockey	0.48 - 1.00%	2025	480,000
VCBA 2021B LU 2012A LU 05A Soccer Flds	0.48 - 1.00%	2025	245,000
VCBA 2021B LU 2012A LU 05A Lancer & Willett	0.48 - 1.00%	2025	230,000
Total			<u>\$3,545,000</u>

Long-term debt matures as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	620,000	107,340
2023	655,000	76,360
2024	665,000	54,073
2025	685,000	41,305
2026 - 2029	<u>920,000</u>	<u>43,525</u>
	<u>\$3,545,000</u>	<u>\$322,603</u>

5. ADMINISTRATIVE COST RECOVERY

The Commonwealth's Appropriation Act, §3-4.01 of Chapter 1283 of the 2020 General Assembly Session, requires educational and general programs in institutions of higher education recover the full indirect cost of auxiliary enterprise programs. In the fiscal year 2021, the administrative cost recovery for the Intercollegiate Athletics Department, based on the State Council of Higher Education for Virginia approved formula, was calculated at a recovery rate of 13.87% and an amount of \$923,748.

However, in fiscal year 2021, due to the ongoing COVID-19 pandemic, the Virginia General Assembly included language in Budget Bill Chapter 552 that "Institutions of higher education shall have the authority to reduce the recovery of the full indirect cost of auxiliary enterprise programs to the educational and general program for the 2020-2022 biennium as a result of the significant financial impact on auxiliary enterprise programs caused by the COVID-19 pandemic" (§3-4.01 Auxiliary Enterprise Investment Yields). Based on this authorization, the indirect cost of auxiliary enterprise programs was not recovered. In accordance with the NCAA's 2021 Agreed-Upon Procedures manual, the value of these indirect costs is reported on the Schedule of Revenues and Expenses in the operating revenues line item titled "Indirect Institutional Support" and in the operating expenses line item titled "Indirect Cost Paid to the Institution by Athletics."

LONGWOOD UNIVERSITY

As of June 30, 2021

BOARD OF VISITORS

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Vice Rector

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UNIVERSITY OFFICIALS

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Director of Intercollegiate Athletic Programs

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